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## EU-27

**Post:** Brussels USEU

### European Commission halts export subsidies except for butter

**Report Categories:**

Dairy and Products

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**Report Highlights:**

At the end of summer 2009, EU dairy prices started increasing, which stopped intervention storage of butter and SMP. A further improvement in dairy prices led the European Commission to halt all export subsidies, except for butter, at its November 5, 2009 Management Committee meeting.

**General Information:**

**Intervention period extension for butter and SMP published**

While [Council Regulation \(EC\) No 1038/2009](#) [1], published November 4, 2009, extends intervention buying throughout the winters of 2009 and 2010, only 65 MT of butter and less than 5,000 MT of Skimmed Milk Powder (SMP) have been offered to intervention after the normal intervention scheme closed on August 31, 2009. Intervention selling halted in September as EU prices for butter and SMP

increased above intervention prices.

### **Export subsidies mostly halted, while industry calls for release of intervention butter**

Since the summer of 2009, EU dairy commodity prices have increased in response to higher world market prices and a decrease in EU dairy supplies. Butter prices rapidly increased in reply to a temporary market shortage in October 2009, which led the EU dairy trade association Eucolait to request that the European Commission (EC) starts selling intervention butter into the market again. While the EC has resisted this call, the improved EU dairy market situation, has prompted the EC to halt all export subsidies for dairy exports at the November 5<sup>th</sup> Management Committee (Mancom) meeting, except for butter, which was reduced to €14.50/100kg in two steps from €65.00/100kg. As shown in the October EC [Quarterly Report on the Dairy Market](#) [2] only cheddar prices seemed to still lagging behind recent dairy price increases.

<sup>[1]</sup> <http://eur-lex.europa.eu/JOHtml.do?uri=OJ:L:2009:288:SOM:EN:HTML>

<sup>[2]</sup> [http://ec.europa.eu/agriculture/markets/milk/quarterly\\_reports/10\\_2009\\_en.pdf](http://ec.europa.eu/agriculture/markets/milk/quarterly_reports/10_2009_en.pdf)